

# Local Business Preference in Procurement and Purchasing Policy

## Issue

The City of Lloydminster's procurement policies are currently underutilizing local businesses, limiting opportunities for economic growth, job creation, and community investment. Contracts are often awarded solely based on cost, overlooking the broader benefits of supporting local businesses that contribute to the city's prosperity. A structured procurement strategy that emphasizes local engagement, economic impact, and best-value selection would strengthen Lloydminster's business community and foster long-term sustainability.

## Background

Lloydminster's business community is a cornerstone of the city's economy, yet local contractors and suppliers are increasingly losing out on contracts—even when their bids are competitively priced. Although the City's Procurement and Purchasing Policy<sup>1</sup> promotes fairness and transparency, it presently provides no consideration for local businesses when price differences are negligible. As a result, contracts are often awarded to out-of-town competitors based on small pricing differences, missing valuable opportunities to reinvest in the local economy.

The New West Partnership Trade Agreement (NWPTA)<sup>2</sup> mandates open and non-discriminatory procurement practices for contracts exceeding specific thresholds. However, local preference is permitted for contracts below \$200,000 for construction and \$75,000 for goods and services. The City of Lloydminster's Procurement Policy, Section 5.4, supports this by allowing the encouragement of solicitation from local businesses for purchases below these thresholds.

Additionally, Section 10.1<sup>3</sup> of the policy requires that purchasers obtain written quotations from a minimum of three bidders for:

- Goods and services between \$10,000 and \$75,000 (Section 10.1.1), and
- Construction between \$25,000 and \$200,000 (Section 10.1.2).

Despite the flexibility of these policies, local businesses continue to miss opportunities due to the absence of pricing incentives. For instance, bids from local businesses that are within 5% of the lowest bid receive no additional consideration—overlooking the broader economic benefits of supporting local suppliers, such as job creation, community engagement, and economic reinvestment.

It is also important to clarify that in instances where no bids are received from local businesses, the City shall not be required to award a contract locally. Participation in procurement opportunities remains the responsibility of all suppliers, including those based in Lloydminster.

Implementing a local preference policy would help address this gap. Allowing Lloydminster-based businesses within a 5% price differential to receive preferential consideration for contracts under NWPTA

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<sup>1</sup> <https://www.lloydminster.ca/media/skejhray/120-05-procurement-and-purchasing-policy.pdf>

<sup>2</sup> [http://www.newwestpartnershiptrade.ca/pdf/NewWest\\_Partnership\\_Trade\\_Agreement\\_2016.pdf](http://www.newwestpartnershiptrade.ca/pdf/NewWest_Partnership_Trade_Agreement_2016.pdf)

<sup>3</sup> <https://www.lloydminster.ca/media/skejhray/120-05-procurement-and-purchasing-policy.pdf>

thresholds would offer a fairer chance to compete while ensuring public funds are reinvested in the community.

Such a policy would also align with the City's Think Lloyd First initiative<sup>4</sup>, which emphasizes the importance of local support:

"By supporting local businesses, you are promoting and benefiting the local economic state. Local businesses are owned or managed by people who live and work in our city, raise their families and invest in its future. They support our schools, charity initiatives, non-profits and other organizations."

For the purposes of this recommendation, a "Local Business" is defined as "a business holding a City of Lloydminster Business License and located within City boundaries," as per the Business License Bylaw No. 26-2023.<sup>5</sup>

### **Recommendation**

To support Lloydminster's local economy and promote fair competition among businesses, the City should adopt a procurement policy that prioritizes local suppliers. This policy would grant preference to Lloydminster-based suppliers and contractors by applying a 5% price differential on construction contracts up to \$200,000 and goods and services contracts up to \$75,000, provided all other specifications and terms are equal.

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<sup>4</sup> [Think Lloyd First](#)

<sup>5</sup> <https://www.lloydminster.ca/media/dbsnalvj/26-2023-business-licence-bylaw.pdf>